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STATE FOR EAP/CM AND EB  
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DOC FOR ITA - DAS KASOFF, CMCQUEEN, LRIGOLI, ESZYMANSKI  
DHS/ICE FOR IPR CENTER-DFAULCONER  
DHS/CBP FOR IPR RIGHTS BRANCH - PPIZZECK  
TREASURY FOR OASIA - DOHNER/HAARSAGER/CUSHMAN  
NSC FOR KURT TONG, JONATHAN SHRIER  
TREASURY FOR OASIA - CUSHMAN, WINSHIP

E.O. 12958: N/A

TAGS: [ETRD](#) [TBIO](#) [PGOV](#) [ECON](#) [BEXP](#) [EAGR](#) [CH](#)

SUBJECT: DISCUSSION OF FOOD SAFETY ISSUES WITH SHANGHAI'S CIQ  
LEADERSHIP

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use only. Not for distribution outside of USG channels.

11. (SBU) Summary: The Consul General and ATO Chief met  
September 20 with China Inspection and Quarantine (CIQ) Shanghai  
Director General Xu Jinji to discuss recent problems with U.S.  
food products entering East China ports. Xu said the United  
States and China must deepen the understanding of relevant  
inspection standards and procedures to avoid problems on both  
sides. He said that China has taken measures over the past four  
months to ensure adequate product quality and safety for both  
imports and export. For example, CIQ will be faster to revoke  
export licenses for companies that export items that violate CIQ  
standards. CIQ is also beefing up internal coordination and  
cooperation with China Customs to reduce fraudulent and illegal  
shipments. He welcomed further cooperation and information  
exchange at all levels. End Summary.

12. (U) Xu was joined by Shanghai CIQ Vice Director Xu Chaozhe,  
Division Director for Supervision on Animal and Plant Zhou Guo  
Liang, Division Director for Supervision on Health Li Ping,  
Deputy Director for Foreign Affairs Li Riming. Other Consulate  
officials included Agriculture Trade Office (ATO) Chief Wayne  
Batwin, ATO Officer and Econoff.

Background: Recent Problems At the Port

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13. (SBU) Post requested the meeting with CIQ officials as part  
of our expanded outreach on food and product safety issues and  
to hear from CIQ about their recent U.S. visit. In addition, we  
have encountered a number of problems recently with  
agricultural products imported from the United States. These

problems have complicated what has hitherto been a close and cooperative relationship between the Consulate and Shanghai CIQ.

For example, in the past few months, U.S. food products including pork, chicken, poultry, frozen entrees, drink mixes, and dried fruit have had problems entering China. Many of these cases involve goods that have been previously imported but suddenly face restrictions, or enforcement of previously un-enforced regulations.

14. (SBU) For example, U.S. pork producers have imported meat with traces of ractopamine for years, although Chinese regulations prohibit the importation of such products. Recently authorities have destroyed container loads of U.S. pork products at the port of Shanghai because they contained traces of ractopamine. In addition, 618 California Wine Institute (CWI) bottles of wine were detained because they did not include Chinese labels for commercial purposes. However, these bottles were intended for a seminar and tasting events hosted by CWI and the company did not previously have problems bringing similarly labeled bottles into China for such events. A container of pre-fried frozen potatoes from ConAgra/Lamb Weston was recently destroyed at Ningbo Port as a result of test results that indicated they did not meet Chinese standards. Contrary to normal procedures and regulations, CIQ did not give the company the opportunity to re-export the goods or 15 days of notification prior to the decision.

#### Predictability and Transparency

15. (SBU) The CG noted U.S. businesses' frustration over the difficulty in understanding and following Chinese standards and regulations, which seem to be inconsistently implemented. Transparency and predictability are very important for U.S.

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exporters to China and that is why the two sides need clear channels of communication. He raised the CWI's 618 exemplar bottles of wine as a case in point. Batwin gave the example of CIQ not providing inspection lab results to companies. Companies want to know how to replicate these tests so they can better understand how to meet Chinese standards. Xu Chaozhe responded that what may seem like a simple case can actually be very complicated. In addition, many U.S. exporters erroneously believe that Chinese standards are higher than U.S. standards, but in reality most U.S. standards are stricter. Director Xu said Chinese products face similar problems in other countries.

#### CIQ's Current Priorities

16. (SBU) Director Xu noted that product safety is a common concern for many countries, and stressed that China has implemented serious measures during the past four months to improve standards and the quality of exports. China wants to ensure its products are accepted by other countries. The CG inquired about the impact of Central Government decisions on CIQ's work and noted that Shanghai recently established a new leading group to implement the State Council's order on food safety. (Note: The Shanghai group has met twice and came out with the program called "3 Areas of Emphasis; 8 Aspects; and 28 Objectives.")

17. (SBU) According to Xu, CIQ has its own action plan and is overseeing 6 working groups on the front inspection line to improve quality and safety. Even if they find the smallest problem, they are taking "corrective measures." For example, export companies with the smallest infractions will have their export licenses revoked. After the company takes corrective measures and passes a follow-up inspection by CIQ, it can then have its license reinstated. CIQ now requires that all food exports have the CIQ mark, and this marking system will soon expand to other products as well. Xu also emphasized that the

majority of substandard export products in the past were "illegal" exports, and CIQ is trying to stamp out exports that are sent without the proper approval.

#### Imported Food Safety in Important to China Too

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18. (SBU) Regarding inconsistencies in import procedures, Xu Chaozhe remarked that China also takes the safety of food and other product imports very seriously. Sometimes it is difficult to distinguish between goods brought for exhibition purposes and those for commercial purposes, and some importers abuse this system to avoid proper approval procedures. The front-line inspectors must make a judgment call according to the number of items involved and the specific circumstances. Xu added that CIQ Shanghai will look at this problem, and China may adopt special procedures to manage products that are brought for exhibition purposes. To help avoid shipping delays, ATO Batwin offered the services of the ATO office in helping CIQ determine if U.S. agriculture products are for commercial use or other purposes. He also said ATO is willing to continue assisting on the verification of U.S. inspection certificates.

#### CIQ's Internal Interaction with China Customs

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19. (SBU) According to Xu Chaozhe, CIQ Shanghai has good cooperation with the ports and China Customs and has learned

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from the U.S. example on coordination. Customs can only release products after getting a CIQ clearance. Customs also relies on CIQ guidance to better understand the nature of certain products and how to classify them under the Harmonized Tariff System. Xu added that CIQ is moving from a paper to an electronic approval system that will speed the approval process and provide more integrity in the system. Regarding joining Customs e-platform network that is being created in the Yangtze River Delta (YRD), CIQ has partially implemented this system and is using it on a trial basis. Once completed, CIQ offices throughout the YRD will be able to base clearance on the approvals given by other offices in network.

#### CIQ Internal Coordination

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110. (SBU) Xu Chaozhe described CIQ's efforts to improve internal coordination on issues, noting if one CIQ office encounters a problematic shipment it notifies other CIQ offices. CIQ offices only report serious problems and use a procedure of first reporting to CIQ headquarters in Beijing, which in turn sends out a general message to all CIQ offices. CIQ offices then increase their vigilance and inspections of similar types of shipments. CIQ in Shanghai is also increasing coordination within its local offices that cover the various ports in the city.

#### CIQ's Recent Trip to the U.S.

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111. (SBU) Xu Chaozhe was part of a group of Shanghai and Ningbo CIQ officials that recently visited the United States on an ATO-sponsored food safety program. In addition to visiting farms and ports, CIQ officials held in-depth discussions on American regulations and inspection/quarantine operations with their U.S. counterparts. Xu said the visit was useful in deepening his understanding of U.S. procedures, noting there are many similarities between the two systems. He said in some areas the United States inspection system was better than China's; however, both sides could "optimize their organizational structures." Although he was pleased with the trip, he said it would have been better to stay in one place and

gain a deeper understanding rather than try to cover so many places and such a broad array of topics. Xu will file a report with CIQ headquarters in Beijing about his findings from the trip.

#### Strengthening Ties and Increasing Communication

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¶12. (SBU) Director Xu noted that CIQ has excellent cooperation with the U.S. Consulate and would like to see more exchange of information at all levels. The upcoming program between ATO and CIQ in October will be a great opportunity for the two sides to exchange views on inspection standards and regulations and keep goods smoothly flowing between the two countries. (Note: ATO and CIQ Shanghai will co-host a Food Safety Seminar on Oct 10. Speakers at the seminar will include professionals from USDA, EPA and FDA.) Xu also welcomed the opportunity to set up a study tour of CIQ port facilities and discussion of the new Chinese food safety export controls. The U.S. Consulate could forward requests and issues to his office, and he would be happy to respond.

Bio Note

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¶13. (SBU) Director Xu Jinji, a native of Jiangsu Province, has been on the job for one month in Shanghai. He previously served in the Ningbo CIQ office for 6 and a-half years and also at the CIQ office in Nanjing. He attended the Shanghai International Studies University from 1977-1980 as a graduate student, and has visited the U.S. twice. His English comprehension skills were stronger than his speaking ability, which was at a general conversational level.  
KJARRETT